Scaling up distributed solar power in Brazil can not only help the country achieve its climate targets, but can also provide increased energy access to low-income communities. However, low-income tenants typically lack the upfront capital required to purchase distributed solar systems. In addition, commercial lenders see low-income borrowers as higher risk, inhibiting their access to credit.

The Distributed Energy for Social Housing Fund (DESH) is a financial solution that can accelerate distributed solar power for low-income tenants in Brazil. It is a third-party ownership and rental model that would provide a robust legal and financial structure that is attractive and low-risk for investors, and would lower energy expenses for the tenants.

The 5 MW pilot has the potential to provide affordable clean energy to 2,900 low-income households, with monthly savings of 10%. In the next twelve years, DESH can scale up to 1,125 MW, reaching 677,901 households.

The Distributed Energy for Social Housing Fund (DESH) is a third-party ownership and rental model for distributed solar systems in low-income condominiums in Brazil. It provides a robust, low-risk structure for investors, and energy cost savings for the low-income tenants.
DESIGN

The Distributed Energy for Social Housing Fund (DESH) is a third-party ownership and rental model for distributed solar systems in low-income condominiums, that will pose no upfront costs to the tenants. Tenants will only pay a monthly rental fee that is 10-20% lower than their standard utility rate and will bear no risk related to procurement, operations & maintenance costs. It provides potentially attractive investment opportunities for the implementation of these systems and through that is able to fund 100% of the distributed generation projects with no Brazilian local content requirements for the equipment, no guarantee requirements, and terms that match the lifetime of the projects.

TEAM

EDUARDO RECHDEN
CEO, ENDLESS AB

FREDERICO MEINHARDT
CEO, E-GAS

INVESTMENT OPPORTUNITIES

<table>
<thead>
<tr>
<th>TYPE</th>
<th>ROLE OF CAPITAL</th>
<th>AMT.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFI</td>
<td>Provide financial cushion for leverage</td>
<td>$1.5 M</td>
</tr>
<tr>
<td>EQUITY</td>
<td>Second-loss debt at market rates</td>
<td>$1.8 M</td>
</tr>
</tbody>
</table>

The Brasil Innovation Lab for Climate Finance identifies, develops, and supports implementation of transformative climate finance instruments that can drive funds for Brazil’s national climate priorities. The Brasil Lab is one of the initiatives that was initially launched under the auspices of the Brazil-U.S. Climate Change Working Group, led by the Brazilian Ministry of Foreign Affairs and the U.S. Department of State. Climate Policy Initiative serves as Secretariat.

CLIMATEFINANCELAB.ORG